



Department of Justice

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**FORMER PROVIDENCE CITY CLERK SENTENCED TO 4 YEARS
FOR EMBEZZLING OVER \$900,000 FROM CITY**

- \$932,481 restitution imposed by court

OWENSBORO, KY - Sara Beth Stevens, age 47, of Clay Kentucky, in Webster County, was sentenced to 4 years imprisonment in United States District Court, Owensboro, Kentucky, for embezzling over \$900,000 in city funds between January 2001 and April 2004, and for money laundering, U.S. Attorney David L. Huber of the Western District of Kentucky announced today. Joseph H. McKinley, Jr., Judge, United States District Court, sentenced Stevens, who was convicted after 6-day trial in November 2006, to 3 years supervised release following incarceration. There is no parole in the federal judicial system. In addition, restitution in the amount of \$932,481.67 was imposed. Stevens had been found guilty on all counts by a jury after a six day trial in November 2006.

Stevens was Providence's City Clerk from 2001 until she was placed on administrative leave in April 2004. One of her principal duties was to supervise the collection of millions of dollars in utility payments received from Providence residents each year. Stevens was tried for embezzling over \$900,000 of utility payments between 2001 and April 2004, and laundering a portion of those funds by purchasing a car for her co-defendant, Eric Smith, and by concealing the source of stolen funds by giving Smith \$10,000 in cash and telling him to deposit it into his own bank account, and then to write a \$10,000 check to the City as repayment for the car. Smith

had previously pleaded guilty and testified at Stevens' trial, and was sentenced after the trial to 3 years probation.

U.S. Attorney Huber noted that the case was initially investigated by the Kentucky Office of the Auditor of Public Accounts, and was the largest fraud investigation in the history of that office. He also said that "this case was an excellent example of cooperation between state and federal agencies." An extensive review of the City's utility fund records revealed that between 2001 and April 2004, over \$900,000 in utility payments were credited as received without any corresponding bank deposit. The investigation also revealed that Stevens wrote herself at least five City checks totaling more than \$18,000, without authorization. A further review of the City's utility fund records revealed that there were no missing payments after Stevens left the office in April 2004.

An examination of Stevens' financial records showed that between 2001 and April 2004, Stevens spent nearly \$250,000 over and above all of her known sources of income. In her last nine months as City Clerk, Stevens' had over \$116,000 in expenses, despite a yearly salary of less than \$40,000. In the nine months after she was placed on administrative leave, Stevens' expended approximately \$16,000.

Three other clerks who worked for Stevens in the City building testified that whereas they had each counted their own cash drawers every day in the past, Stevens changed the procedures and essentially took over counting the cash drawers herself. When this change was implemented, large shortages were noticed in the cash drawers, and resident complaints of uncredited payments increased. After Stevens was fired, the cash drawers balanced and resident complaints declined dramatically.

The case was prosecuted by Assistant United States Attorney David Weiser and was investigated by Kentucky Office of the Auditor of Public Accounts, the Kentucky Attorney

General's Office, and the Federal Bureau of Investigation.

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